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Before the

FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

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FEDERAL COMMUNICATIONS COMMISSION
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In the Matter of

Petition of U S WEST Communications, Inc.
for Relief from Barriers to Deployment
of Advanced Telecommunications Services

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CC Docket No. 98-26

COMMENTS OF AT&T CORP.

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SUMMARY

Despite the clear mandates sent by Congress (1) that incumbent local exchange carriers must unbundle their networks and make their local services available for resale; and (2) that fulfillment of these obligations is a precondition for RBOC interLATA entry, US West is now seeking relief from these statutory obligations purportedly to deploy state-of-the-art advanced services to its customers in its smaller and rural areas. The Commission must deny this request on both statutory and policy grounds.

As explained in AT&T's Comments, as a threshold matter, the requested relief goes beyond the Commission's authority under Section 706 of the Telecommunications Act of 1996 ("the 1996 Act"). And, even if the Commission had such authority (which it clearly does not), relief from the Act would run completely counter to the statutory and policy directives to open local markets to meaningful competition before the RBOCs are allowed to provide any in-region long distance services. US West's proposal would foreclose such competition from developing because once a customer subscribes to US West's advanced service, it will have no need for a separately-offered voice service. Moreover, as explained in these Comments, CLECs cannot even obtain from US West the underlying network elements to provide traditional telephony services in a manner consistent with the 1996 Act. The relief sought by US West would thus merely enable US West to lever its admittedly "unique" position as the local monopolist into advanced services and, if it had its way, into the interLATA market for traditional and advanced services as well.

While such a result is in itself unjustifiable, it is not even ameliorated by US West's purported intention to deploy advanced services in smaller communities. Upon a

closer reading of US West's vague Petition, it appears that at the end of the day US West's network configuration for its Internet services will not differ from the networks of existing Internet backbone providers. US West also admits that much of its territory is not even currently capable of supporting xDSL loops, thereby nullifying US West's implication that the beneficiaries of its xDSL technology will be the farms and schoolhouses of rural America. Moreover, relieving US West from its obligation to comply with the Act will do nothing to alleviate congestion on the Internet.

AT&T's Comments amply demonstrate that there is no legal or public benefit justification for the relief sought by US West in its Petition, and that granting US West the relief that it seeks would merely solidify and extend US West's existing control over local services as these services migrate from the traditional voice services of the 20th century to the more advanced ones of the 21st century.

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COMMENTS OF AT&T CORP.

Pursuant to the Public Notice released on March 16, 1998, AT&T Corp. ("AT&T") respectfully submits its Comments in opposition to U S WEST Communications, Inc.'s ("US West's") petition for relief from various regulatory requirements with regard to its provision of high-speed broadband services on both an intraLATA and interLATA basis. As demonstrated below, US West's petition requests relief that the Commission is not empowered by statute to grant, and is in any case not justified on the basis of the facts or the policy arguments presented in the petition.

I. INTRODUCTION

US West's petition is the second in a series of three petitions filed by RBOCs,¹ each of which seeks broad statutory and regulatory exemptions for its provision of "advanced telecommunications capabilities such as digital subscriber line technologies

¹ Bell Atlantic filed its petition on January 26, 1998 (CC Docket No. 98-11); US West followed on February 5, 1998 (referred to herein at the "Petition"), and Ameritech filed its "me too" petition on March 5, 1998 (CC Docket No. 98-32).

and data networking services."² Like the Bell Atlantic petition, US West seeks authority "(1) to allow it to build and operate packet- and cell-switched data networks across LATA boundaries, (2) to permit it to carry interLATA data traffic incident to its provision of xDSL services, (3) to forbear from requiring US West to unbundle for its competitors the "non-bottleneck" network elements used to provide these data services, and (4) to forbear from requiring US West to make these competitive data services available at a wholesale discount for resale."³ US West claims that it is "uniquely positioned" to provide these services to the vast rural serving areas in its region.

Like Bell Atlantic, US West invokes Section 706(a) of the Telecommunications Act of 1996⁴ ("the 1996 Act") as conferring unlimited authority on the Commission to forbear from enforcing the interconnection and resale requirements of Section 251(c) and the interLATA restrictions contained in Section 271 notwithstanding

² Petition at 1.

³ Id.

⁴ Section 706(a) reads as follows:

The Commission . . . shall encourage the deployment on a reasonable and timely basis of advanced telecommunications capability to all Americans (including, in particular, elementary and secondary schools and classrooms) by utilizing in a manner consistent with the public interest, convenience, and necessity, price cap regulation, regulatory forbearance, measures that promote competition in the local telecommunications market, or other regulating methods that remove barriers to infrastructure investment.

the more narrow and explicit forbearance authority in Section 10(d) of the Act and the plain language of Section 271.⁵

Many of the arguments presented by US West are common to the three RBOC petitions. AT&T appends to these Comments its Comments on the Bell Atlantic Petition,⁶ which demonstrate in detail that these forbearance requests plainly exceed the Commission's power,⁷ that claims about the so-called "congestion" on the Internet backbone and the purported ability of the RBOCs to alleviate that congestion are based on factual inaccuracies,⁸ and that the policy arguments raised by the RBOCs are mistaken. The Comments demonstrate instead that the requested relief will impair development of a competitive local exchange market, because it would enable the RBOC merely to replace

⁵ Petition at 37-52. Unlike Bell Atlantic, however, US West purports to tailor its request for relief from Sections 251(c)(3) and (4) to forbearance "from the unbundling and resale discount requirements [of those Sections] to non-circuit-switched data services and facilities" and does not seek exemption from the total service resale requirement itself (Petition at 44, emphasis supplied). As AT&T has recently stated, even with the statutory discount, resale of the incumbent's services is economically infeasible. Without the discount, it is completely illusory.

⁶ Comments of AT&T Corp., Petition of Bell Atlantic Corporation for Relief from Barriers to Deployment of Advanced Telecommunications Services, CC Docket No. 98-26, filed April 6, 1998, appended hereto as Attachment A ("AT&T's Bell Atlantic Comments").

⁷ Id. at 5-10.

⁸ Id. at 21-26.

its existing monopoly with a "new and improved" broadband version, comprising both traditional and advanced services, and both interLATA and intraLATA services.⁹

In these Comments, AT&T addresses the arguments that are specific to the US West Petition. In Section II below, AT&T shows that US West's request cannot be squared with its overarching obligation to make unbundled network elements available to competitors, and in fact the network elements required to provide "advanced" services are the very same loops and switches (when used to route voice calls to the PSN) needed to provide traditional local services (plus the advanced electronics which are themselves network elements). Moreover, if US West were to obtain the interLATA relief that it seeks, it could offer unmatched bundles to its embedded customer base. These results are clearly in conflict with the unbundling and interconnection obligations of Section 251 of the 1996 Act, would further entrench US West's existing local monopoly, and would allow US West to lever that monopoly into the interLATA market before it meets its statutory obligations under Section 271 of the Act.

In Section III below, AT&T demonstrates that the rural nature of US West's serving area does not offer an adequate economic or "public interest" premise for US West to be relieved of its statutory obligations of unbundling and resale. Indeed, although US West claims that it is committed to deploying advanced data networking and transmission services as broadly as possible throughout its region, US West's illustrative plans call for deployment of centralized POPs in its major cities, where it has already

⁹ Id. at 28-33.

significantly deployed frame relay, ATM and DSL services for high-speed data services, in particular for business customers.¹⁰ Its claims of serving sparsely populated areas with high-capacity services thus ring hollow.

II. US WEST'S REQUEST WOULD CIRCUMVENT ITS STATUTORY UNBUNDLING OBLIGATIONS AND FORECLOSE LOCAL COMPETITION ENTIRELY.

US West argues that the Commission should free it from the requirement that it unbundle network elements associated with advanced services and resell advanced telecommunication services because the market for advanced services is "vigorously competitive." However, as described in more detail in AT&T's Bell Atlantic Comments, notwithstanding the 1996 Act's promise of competitive local entry, for the foreseeable future the only path to virtually every customer is the ILEC's local network. For competition to develop for POTS service as well as advanced services, CLECs must have access to the ILEC's facilities. Because the building blocks of advanced services, such as xDSL, include the very same ILEC local loop and switch (when used to route voice calls to the PSN) used today for telephony services, a distinction between many of the "voice" unbundled network elements and "data" unbundled network elements simply cannot be drawn.¹¹

¹⁰ Id. at 3-7 ("it may never make economic sense for US West to deploy the equipment needed to provide digital subscriber line services in thinly populated areas if it cannot aggregate data traffic from different LATAs over its own facilities").

¹¹ See AT&T's Bell Atlantic Comments at 13-15. As with Bell Atlantic and Ameritech, moreover, these requests for relief from unbundling duties with respect to alleged new

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Indeed, it would be factually incorrect and irrational to do so, because the high-speed access connection to the home or business at issue here is entirely capable of carrying all of a customer's traffic, including voice. Once a home or business purchases such access connections, there is no need for it to maintain a separate POTS line for its voice, fax and data calls. Consequently, the local carrier who wins the customer's "Internet" business will also win its local voice business. Thus, it will effectively preclude the development of local competition for voice services as well. And if US West obtains the interLATA relief that it requests, while foreclosing competitors from the ability to offer local advanced services, it could bundle its monopoly local offerings with interLATA offerings -- packages that no competitor could match.

US West claims that it is "by far the largest local exchange carrier in its fourteen states," and as such is "uniquely positioned" to invest in the infrastructure required to bring broadband telecommunications and information services to residential and small-business customers, and in particular to rural communities. But it is precisely US West's "unique position" as the largest monopoly local provider in its region that gives rise to its statutory obligations under Sections 251, 252, 271 and 272 of the 1996 Act. In particular, it is because of the ILECs' monopoly position in the local exchange -- and the economies of scope and scale that they enjoy -- that the unbundling and interconnection

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services are ironic. None of these companies has yet to come close to meeting these duties for its existing services.

requirements of Section 251 of the Act were adopted. Access to UNEs and interconnection at cost-based rates are essential prerequisites of opening the local market -- the primary goal of the Act.

US West claims that, if the requested relief is granted, it would continue to make unbundled network elements that are bottleneck facilities available.¹² The Commission, however, cannot discharge its obligations under the Act by trusting that US West will satisfy its unbundling obligations for "traditional" UNEs while it uses these exact same UNEs (as well as advanced electronics which are also network elements) to offer advanced services, which can supplant traditional voice telephony. US West and other ILECs have already made it extremely difficult, both from a technical and economic perspective, for CLECs to obtain the unbundled network elements required to create their own high-speed services. Indeed, the CLECs cannot even get access to the underlying "raw" unbundled network elements from ILECs to provide POTS service, let alone the new generation of high capacity services.

For example, US West has taken the position that it will provide CLECs with access to UNEs, but only when interconnected at its central offices through a SPOT frame. This "remote" connection to US West's switch burdens the CLEC with additional equipment and thus unnecessary added costs and the potential for greater network failure. It also introduces the potential for network degradation because these frames can be as far

¹² Petition at 48-49.

as 300 feet from US West's switch.¹³ This distance limitation also limits the number of customers that CLECs could serve through that arrangement. And most important is the fact that US West's insistence that it connect CLECs to its facilities through a SPOT frame will result in provisioning delays for CLEC customers that US West's customers will not experience.

Even if US West were willing to make unbundled loops available without this SPOT frame requirement, US West's faulty operational support systems ("OSS") would nonetheless preclude CLECs from being able to order the necessary loops. Testing of US West's OSS has shown that its OSS have numerous shortcomings, including the lack of electronic flow-through (which necessitates manual re-keying or faxing of orders), ill-defined methods and procedures, and overall performance that fails to meet the Act's nondiscriminatory and parity requirements.¹⁴ As the Commission has reinforced in its

¹³ As costly and discriminatory as this approach is, it does not even address loops that are aggregated through integrated DLC equipment at remote terminals. If a customer's loop is aggregated in this fashion, there is currently no viable method for AT&T to obtain that loop as an unbundled network element. To make matters worse, if a potential customer requests DSL service from a CLEC, there are no pre-ordering processes in place to determine whether it is even possible to offer the service over that subscriber's loop. Thus, the CLEC must await a response from US West to the CLEC's order to find out whether the CLEC can even provide service to its customer through an unbundled loop.

¹⁴ In the Matter of Application of MCI Metro Access Transmission, Inc. For a Certificate to Provide Local Exchange Service Notice of Intention to Exercise Operating Authority and Certificate of Public Convenience and Necessity, Docket No. 96A-267T, First Report on Testing of US West OSS and Processes MCI Metro Access Transmission Services, Inc., at 2; Appended report.

Section 271 Orders, the lack of adequate OSS will preclude CLECs from being able to compete with the ILEC.¹⁵

In contrast, US West's control of the bottleneck local facilities places it in a unique position not only with respect to providing traditional local services, but also with respect to providing advanced services, which are provided over these same loops and switches by adding electronics. Section 251 of the 1996 Act contemplates that those same UNEs -- products of US West's monopoly operations and funded with regulated revenues -- be made available on the same economic basis as they are to US West itself. There is simply no way that the Commission could exempt US West from its unbundling obligation as to "advanced telecommunications services" without unraveling the entire statutory scheme for interconnection established in the 1996 Act.¹⁶

¹⁵ See e.g., In the Matter of Application of BellSouth Corporation, et al. Pursuant to Section 271 of the Communications Act, of 1934, as amended, to Provide In-Region, InterLATA Services in South Carolina, CC Docket No. 97-208, Memorandum Opinion and Order, FCC 97-418 (rel. December 24, 1997), para. 99. See also Implementation of the Local Competition Provisions in the Telecommunications Act of 1996, CC Docket No. 96-98, First Report and Order, 11 FCC Rcd 15499, 15764 (1996). Further, despite its unbundling and resale obligations, US West is apparently attempting to foreclose competitors from purchasing its newly-announced MegaBit Service at reasonable rates. Competitive ISPs are already complaining that US West's price to them for this service is greater than its announced end user price. See "New Service Worries Internet Cos.," Associated Press, March 31, 1998.

¹⁶ Instead of compelling US West to open its network and allow local competition, as is contemplated under Section 251, granting US West's petition would give it the ability to hold back its introduction of these new broadband services until it perceives a real competitive threat (which it is not facing today in cable, wireless, or CLEC offerings). See "Telco & Cable Internet Strategies: The Dawn of Carrier-class Access," 1997 Jupiter Strategic Planning Services/IT47, p. 31 ("Currently, the RBOCs have a stranglehold on high-speed Internet access via leased lines by virtue of their

(footnote continued on following page)

III. THE RURAL NATURE OF US WEST'S TERRITORY DOES NOT JUSTIFY ALLOWING IT TO CREATE A NEW MONOPOLY NETWORK FOR BROADBAND ACCESS SERVICES.

Underlying its far-ranging request is US West's purported promise that if the Commission grants it relief from the Act as requested, consumers in US West's smaller and rural communities will enjoy state-of-the-art access to the Internet. Towards this end, US West asserts that it will deploy multiple points of presence ("POPs"), in the form of high-speed ATM switches,¹⁷ in smaller communities and rural regions to make access to the Internet less congested for subscribers and more affordable for ISPs.¹⁸ Representing this proposal, Illustration 13 in US West's Petition depicts an Internet backbone with numerous ATM POPs in smaller cities such as Sioux Falls (SD), Fargo (ND), Sheridan (WY) and Helena (MT), apparently connected by high-speed transport facilities.

(footnote continued from previous page)

ownership of the local loop. The RBOCs will have little reason to invest in ADSL for business use until businesses have options for high-speed access besides leasing T1 and ISDN lines. . . . Moreover, high demand for second phone lines in the residential market - fueled in part by Internet access - provides a strong disincentive for RBOCs to offer ADSL to consumers, because ADSL offers simultaneous voice and data traffic").

¹⁷ US West's petition is not a model of clarity with respect to the terminology it uses to describe the Internet and connection to it. It appears that US West's use of the term "POP" refers both to an ISP's point of presence and an Internet backbone provider's high-speed switch. See, e.g., Petition at Illustrations 10 and 11. AT&T uses the term "POP" to refer to the switches used by the Internet backbone provider to route traffic across its backbone to other POPs.

¹⁸ Petition at 27-30 and Illustrations 12 and 13.

This purported commitment cannot withstand even a cursory economic review. US West's proposed network architecture simply does not present a sound economic model for POP deployment. Efficient network providers locate their POPs in high traffic areas, use high-capacity links to connect the POPs, and deploy lower-priced, lower-capacity transport to reach more sparsely populated rural areas. Links to smaller and rural communities are of smaller bandwidth for the simple reason that less capacity is needed to serve areas where there is less demand.¹⁹ Therefore, deploying POPs in more remote areas constitutes an inefficient use of resources, which results in increased costs, which US West (by virtue of the protected position its petition would afford) would be able to pass on to consumers or ISPs.

US West's proposed decentralized network architecture differs significantly from that used by all of the existing interLATA Internet backbone providers, as depicted in US West's Illustrations 1-7.²⁰ Each of the Internet backbone providers whose networks are illustrated by US West are providers of non-regulated Internet services. Left to their own business planning, they have each built networks based on the most efficient, cost-effective economic model for them. And none of those providers has deployed high-speed

¹⁹ US West contends that consumers experience congestion because of these lower capacity links. Petition at 22. However, congestion is not necessarily attributable to the bandwidth of the transport facility itself. Rather, congestion can occur because the ISP has not purchased sufficient transport capacity. This in turn depends on the number of customers served by the ISP and their associated on-line holding time and specific application needs.

²⁰ Petition at 10-16.

POPs in smaller cities or rural areas. Yet, US West does not explain why its economic costs of constructing a backbone network are any different for it than for existing interLATA backbone providers such that its deployment plans would make any economic sense. Missing as well from US West's Petition is any showing that the overall cost to subscribers and ISPs would in fact decrease as a result of US West's proposed deployment. While US West may contend that an ISP in Sioux Falls will now pay less for transport to the proposed POP in Sioux Falls, US West offers no detail on what additional costs the ISP would incur in order to compensate US West for deploying these high capacity switches, along with high-capacity backbone facilities to link those switches with their switches in the major metropolitan areas. US West's purported willingness to construct an inefficient network can only be explained on the basis of its monopoly position in those small markets and its expectation of cross-subsidization from its other services.

Moreover, contrary to US West's professed promise to deploy ATM POPs in rural communities, US West changes course in its Petition, arguing later that its real intention is to "aggregate traffic from multiple central offices in different LATAs to centralized high-capacity ATM switches, [whereby] it could reduce the number of switches it would have to deploy."²¹ A comparison of US West's Illustrations 11, 14 and 15 shows that rather than deploying ATM switches in each LATA, as previously touted,²²

²¹ Petition at 32.

²² See, e.g., Petition at 17 and Illustration 11.

US West apparently seeks only to deploy ATM switches in the larger metropolitan areas in its territory.²³ In short, US West's planned network is not materially different from those of existing interLATA backbone providers, revealing that US West is merely asking for interLATA relief so that it can replicate what existing Internet backbone providers are already doing today.

US West also contends in its Petition that it would deploy xDSL loops to smaller communities and rural areas if freed from the Act's interLATA restriction as well as the unbundling and resale requirements. According to US West, such relief from the Act is required because US West can only realize the cost savings needed to fund the deployment of xDSL loops if it is permitted to operate an interLATA backbone network.²⁴ There are at least two critical flaws that render US West's argument unsound as a matter of technology and economics.

First, US West's assertion that it will deploy xDSL loops in smaller and rural communities is inherently suspect in light of the limitations of xDSL technology for the provision of broadband services to individual customers. xDSL technology uses a customer's existing copper loop to provide data transmission without interfering with voice transmission. In order to prepare a loop for xDSL, it must be "conditioned."

²³ US West's list of cities where it would deploy these centralized POPs contains only a few cities in addition to those where it already has ATM facilities. See Petition at 33 (Illustration 14). Moreover, the Commission can read these representations as only illustrative, since US West would be under no obligation, if granted the flexibility that it seeks, actually to deploy these proposed new POPs.

²⁴ Petition at 32.

Conditioning involves removing all bridged taps and load coils from the copper pair so that it is "clean," and certain outside plant provisioning. Once the loop is conditioned, electronics (i.e., modems) are installed to allow the loop to transport data at higher speeds. The xDSL loops required to link central offices to customer premises (i.e., ADSL), however, can only extend at most to 18,000 feet from the central office so that the loop maintains sufficient integrity to carry broadband digital signals.

Another technical barrier to rural deployment of xDSL is that ILECs will often use digital loop carrier equipment ("DLCs") when deploying loops to rural areas. DLCs allow ILECs to aggregate individual loops at remote terminal huts before they reach the central office, which is a more economical way for ILECs to serve these remote areas. However, deployment of xDSL technology over loops served by DLCs is not yet viable for the provision of broadband services to individual customers.

Given the distances that exist between rural homes/businesses and the central offices that serve them, and US West's likely use of DLC equipment in its rural areas, it is highly improbable that there is a significant number of xDSL-capable loops in US West's rural territory. US West itself notes that only "roughly half" of its customer loops in its entire region can be conditioned to provide xDSL service.²⁵ Because most of those loops would be in US West's urban centers, the possibility of serving rural customers with high-speed local service is remote. In addition, 43 percent of US West's wire centers

²⁵ Petition at 25.

serve an average of 10.7 or less residential loops per square mile.²⁶ This also suggests that US West will be severely restricted in the degree to which it can rollout xDSL loops to smaller and rural areas.²⁷ Thus, it is likely that if US West obtains the relief that it seeks here, it will concentrate its activities on the more profitable urban centers.²⁸

Second, there are fundamental flaws with US West's argument from an economic perspective. US West contends that deployment of its xDSL service would be more affordable if it could "aggregate traffic from multiple central offices in different LATAs to centralized high capacity ATM."²⁹ However, the cost of deploying the most expensive local portion of its xDSL service does not vary based on whether the traffic will be transported to a local POP, or a regional POP or whether the digital traffic carried between POPs is on the US West interoffice network or another carrier's network. US West must still pay for the conditioning of loops, as well as the deployment of modems

²⁶ Petition at 6.

²⁷ To the extent that there are technical limitations on the provision of these services, the appropriate response under sound economic principles -- and under the 1996 Act -- is to allow competitive market forces to attempt to meet these needs in the most efficient manner possible, and not to solidify the incumbent monopolist's control over those markets. If the competitive marketplace cannot provide necessary services, and if there is a determination that such services warrant federal subsidy, then and only then should competitively-neutral incentives be considered.

²⁸ See The Des Moines Register, "CEO of US West discusses innovations," March 18, 1998, p. 95 (noting that "McCormick conceded many of the high-speed data products US West plans to offer will be available in metropolitan areas such as Des Moines long before they'll arrive in rural areas and smaller cities.").

²⁹ Petition at 32.

and switches at the central office. What US West appears to suggest is that it would realize "cost savings" in deploying regional POPs in comparison to the costs of placing local POPs in every LATA. This comparison is illusory because, as discussed above, no rational Internet backbone provider would even contemplate placing high-capacity POPs in sparsely populated areas. Only a monopolist could define the most inefficient, high cost network configuration as the "standard" against which to measure cost savings.

At bottom, US West's purported justification for relief from its statutory unbundling, pricing, access, resale and interLATA obligations does not hold water under even a cursory economic analysis. As demonstrated in detail in AT&T's Bell Atlantic Comments, even if the Commission could grant the requested relief -- which it plainly cannot do under its limited forbearance authority -- US West's obvious objective is to obtain regulatory relief so that it can deploy an interLATA network of high-capacity services -- where and when it chooses to do so -- with the capability of carrying all of a customer's telecommunications and information services traffic over that network -- with no obligation to make those services available to potential competitors under UNEs or resale, and without otherwise meeting its obligations under the language and purpose of the Act.³⁰

³⁰ See AT&T's Bell Atlantic Comments at 5-12, 13-16, 20-21.

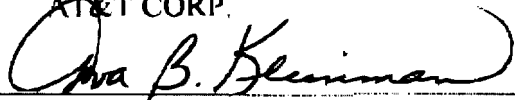
IV. CONCLUSION

For the reasons stated above and in AT&T's Comments on the Bell Atlantic petition, US West's request, if granted, would impede competition in the local exchange market before competitors even gain a foothold; it would enable US West to expand its existing market power into the interexchange market, contrary to the express intent of Congress in adopting Sections 251 and 271 of the 1996 Act; and it would do nothing to address the real competitive concerns of the Internet backbone market. The Commission should utilize its scarce resources to force ILECs compliance with their interconnection obligations, and not to find ways to help them evade those duties. To this end, US West's petition should be denied, including the request for expedited treatment.

Respectfully submitted,

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ATTACHMENT A

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SUMMARY

Bell Atlantic's petition for far-ranging regulatory forbearance to provide high-speed broadband services is merely the latest iteration of the RBOCs' drive to be freed from monopoly safeguards before they open their local markets to meaningful competition. In the instant petition, Bell Atlantic dresses up its request with the promise of better Internet access for consumers. First, there is no basis for Bell Atlantic's claim that it requires broad exemption from current laws to offer such new service to customers. Moreover, if unleashed to provide high-capacity "Internet" services outside of the statutory requirements to make these advanced services (and the network elements underlying them) available for purchase by competitors, Bell Atlantic would simply extend its existing monopoly in the local exchange into a more expansive monopoly including all types of calls, including "Internet" as well as traditional voice, fax, data and multimedia.

This is because the high-speed access connection to the home or business that is the subject of the instant petition is entirely capable of carrying all of a customer's traffic, including voice. Once a home or business purchases such access connections, there is no need for it to maintain a separate POTS line for its voice/fax/data calls. To the contrary, the higher bandwidth services already provided by Bell Atlantic in the form of ISDN, and planned by Bell Atlantic in the form of DSL, utilize the customer's existing twisted copper pair loops, and accomplish the greater speeds and capacity through conditioning the loops and then equipping them on either end with sophisticated electronics. There is thus no need for the customer to retain (or purchase) standard phone lines, because all of his/her traffic can be accommodated over the bigger "pipe."